

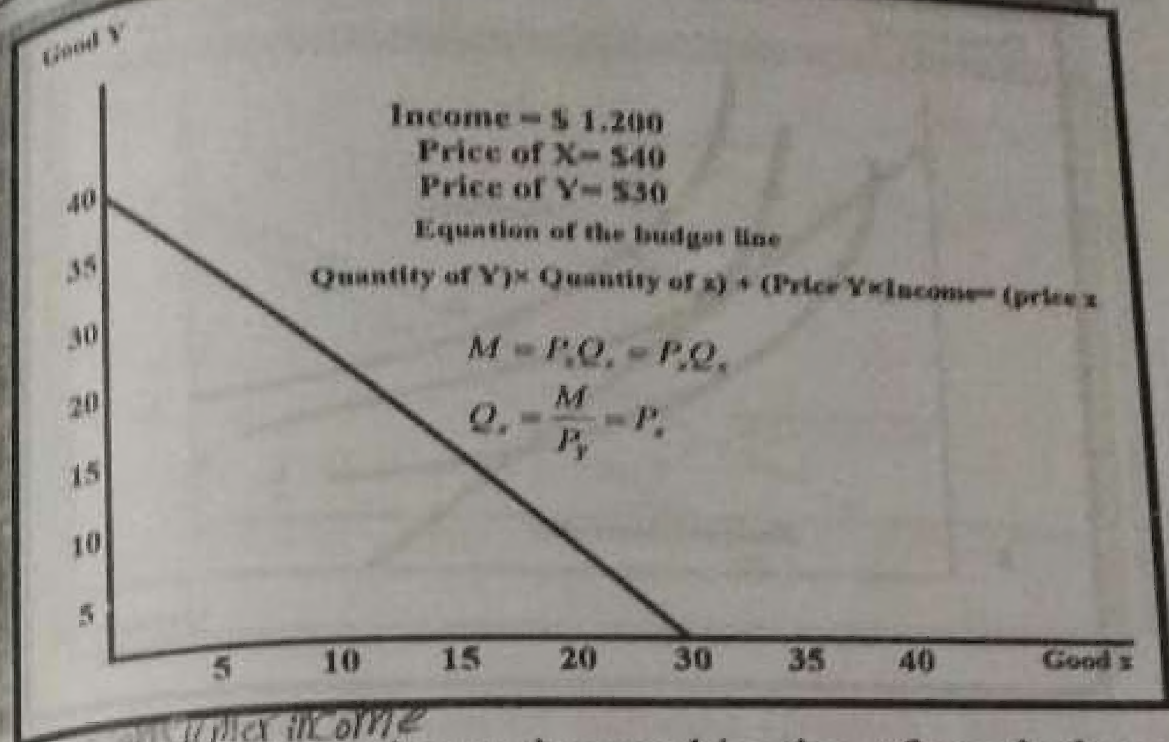
ملخص الاسبوع السادس للفرقة الاولى لغات + المحاضرات + المطلوب

تطور الموارد خلصت شايتر 3 numbering of system..... خلصت شايتر الit
ف الجزء الثاني
ال pa شريحت ٢ شايتر ولغت كثير اووي واخر معاد لتسليم كتاب التطبيقات
الاسبوع ال جي...../متولي كمل الشايتر ووقف لحد ٥٩ ومطلوب اسيمنت
شايتر ١,٢,٣ المرة ال جي..... زيدان خلص الشايتر وحل بروبليم ٥/١٠

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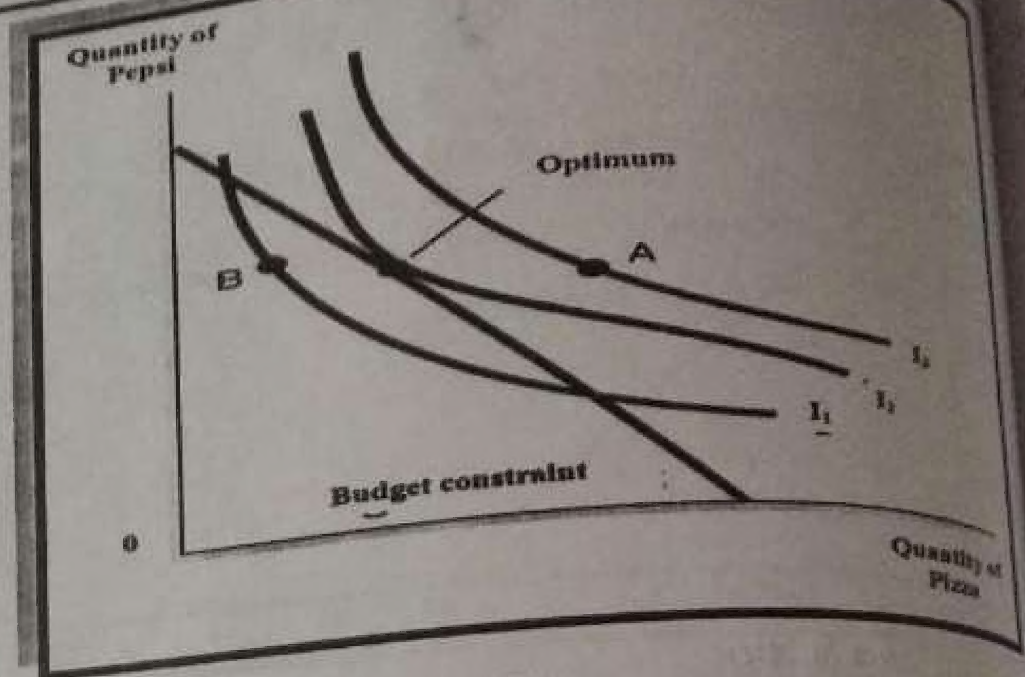
MAHMOUD ALI SAYED



A budget line shows the combination of goods that can be afforded with your current income. If an apple cost \$1 and a banana costs \$2, the above budget line shows all the combinations of the goods which can be bought with \$40. For \$2 10 apples @\$1 and 15 bananas @\$2

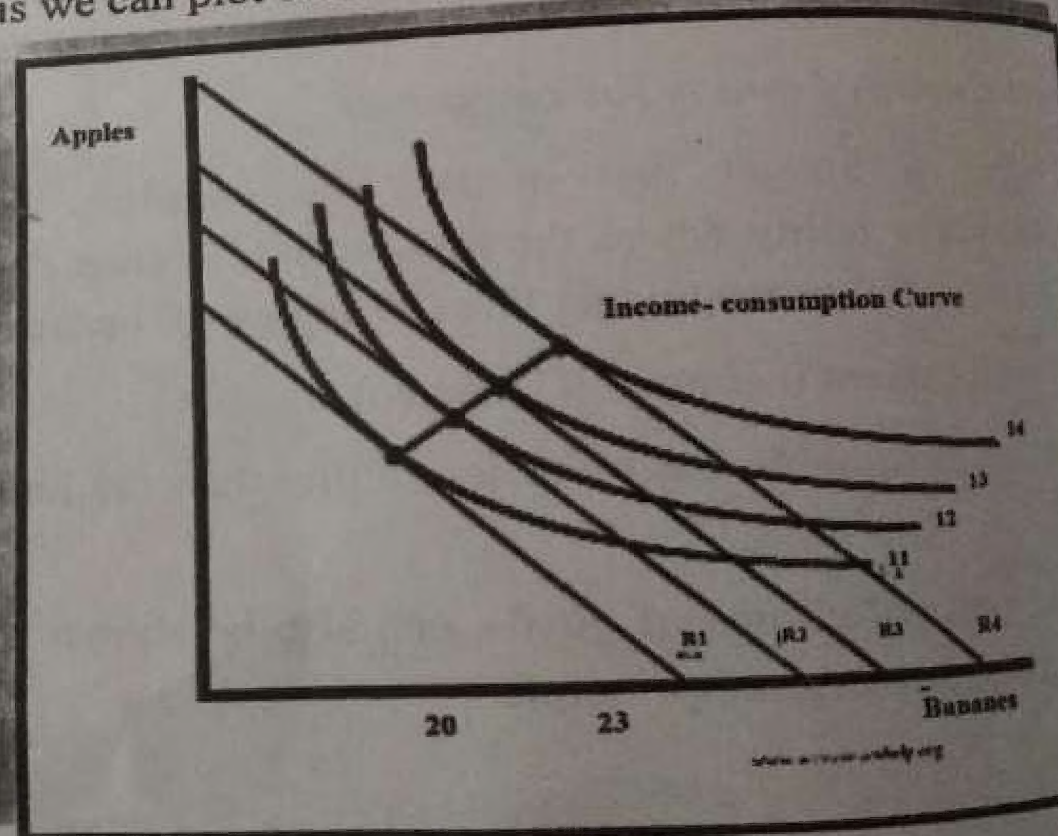
Optimal choice of goods for consumer

- Given a budget line of B1, the consumer will maximize utility where the highest indifference curve is tangential to the budget line (20 apples, 10 bananas)
- Given current income – IC2 is unobtainable.
- IC3 is obtainable but gives less utility than the higher IC1
- The optimal choice of goods, can also be shown with the equal- marginal principle.



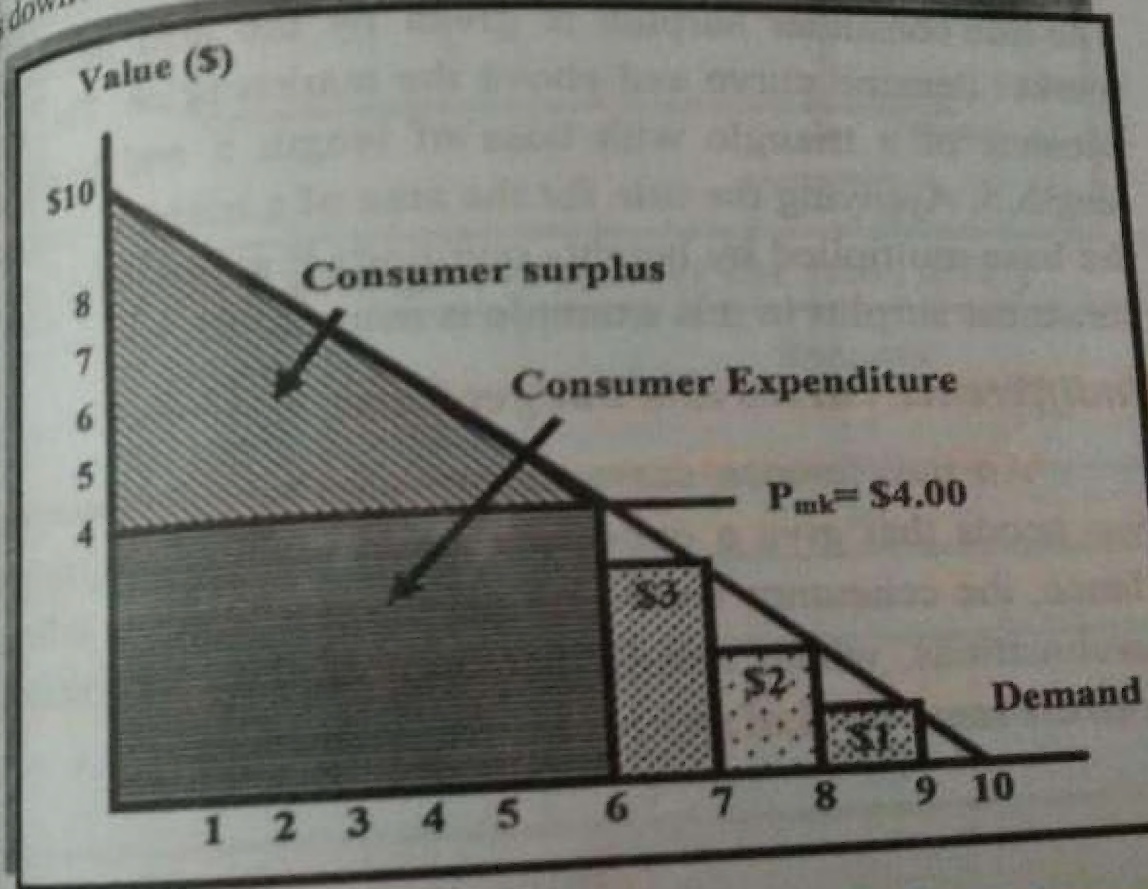
Income-consumption curve

As income rises, you can afford to consume on higher indifference curves. This optimal choice will shift to the right. This we can plot consumption as income rises



Measuring Consumer Surplus with a Demand Curve

The demand curve is a graphic representation used to calculate consumer surplus. It shows the relationship between the price of a product and the quantity of the product demanded at that price, with price drawn on the y-axis of the graph and quantity demanded drawn on the x-axis. Because of the law of diminishing marginal utility, the demand curve is downward sloping.



Consumer surplus is measured as the area below the downward-sloping demand curve, or the amount a consumer is willing to spend for given quantities of a good, and above the actual market price of the good, depicted with a horizontal line drawn between the y-axis and demand curve. Consumer surplus can be calculated on either an individual

or aggregate basis, depending on if the demand curve is individual or aggregated. Consumer surplus always increases as the price of a good falls and vice versa.⁴

These surpluses are illustrated by the vertical bars drawn in Figure. The sum total of these surpluses is the consumer surplus:

The value \$10, however, is only a crude approximation of the true consumer surplus in this example. The true consumer surplus is given by the area below the market demand curve and above the market price. This area consists of a triangle with base of length 5 and height of length 5. Applying the rule for the area of a triangle- one half the base multiplied by height- one finds that the value of the consumer surplus in this example is actually 12.5.

Indifference curves and budget lines

An indifference curve shows all the combinations of two goods that give a consumer same level of satisfaction. Hence, the consumer would be indifferent to these different combinations, which means that they provide the consumer with the same level of utility.

⁴ <https://www.investopedia.com>

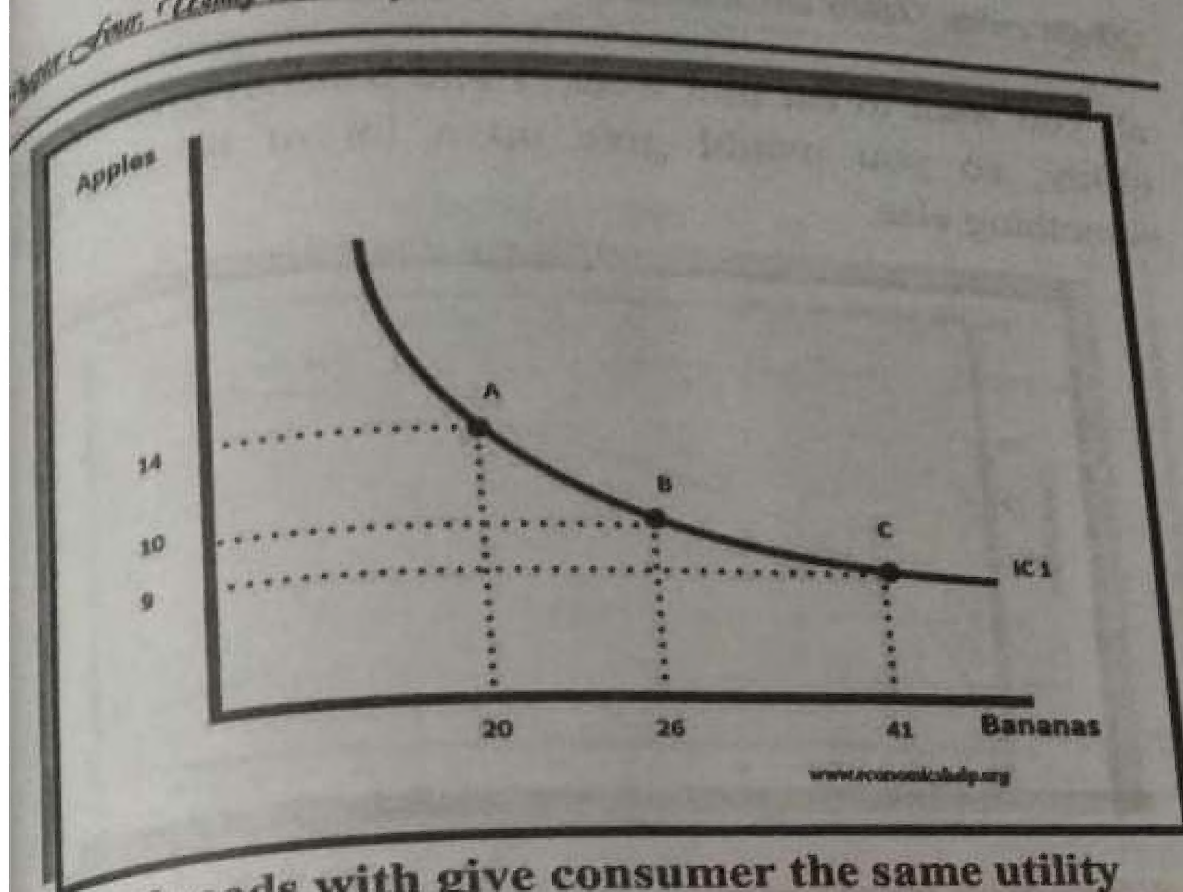
Consumer Surplus

The difference between the maximum price consumers are willing to pay for a good and the market price that they actually pay for a good is referred to as the consumer surplus. The determination of consumer surplus is illustrated in Figure, which depicts the market demand curve for some good.

The difference between the maximum price that consumers are willing to pay for a good and the market price that they actually pay for a good is referred to as the consumer surplus. The determination of consumer surplus is illustrated in Figure, which depicts the market demand curve for some good.

Consumer surplus is an economic concept aims to measure of consumer benefit, which is calculated by analyzing the difference between what consumers are willing and able to pay for a good or service compare to its market price or what they actually do spend on the good or service. A consumer surplus happens when the consumer is willing to pay more for a given product than the current market price.

Consumer surplus is based on the economic theory of marginal utility, which states the price an individual is willing to pay on a particular good or service reflects the amount of utility he/ she obtains from that good or service. The utility- benefits - from a good or service varies from individual to individual based on his own personal preference. Economic law holds that the more a consumer has of a good the less he is willing to spend for more due to the diminishing marginal utility he receives.



Choice of goods with give consumer the same utility

Apples	Bananas
22	17
14	20
10	26
9	41
7	80

Diminishing marginal utility

Fact. Law of marginal utility states that the consumer's level of stratification will declines as he /she consumes more of the goods. In other words, that every unit of the good will provide the consumer with less level of stratification. The indifference curve is convex because of diminishing marginal utility. When you have a certain number of bananas – that is